

Texas Health Care Policy Council

Teacher Retirement System of Texas, 5th Floor Boardroom
1000 Red River Street, Austin, Texas 78701

COUNCIL MEETING WEDNESDAY, MAY 24, 2006 9:30 a.m.

MEMBERS PRESENT

Nancy Dickey (Chair), Jennifer Ahrens, Seth Chandler, Rick Danko, Alexia Green, Larry Jones, Ronnie Jung, Michelle Massey, Maureen Milligan, John Monk, Dan Perugini, Ken Shine, Stacey Silverman, and Jon Weizenbaum

MEMBERS ABSENT

Ann Fuelberg (Vice Chair)

CALL TO ORDER/WELCOME AND INTRODUCTIONS

Meeting is called into order at 9:35 a.m. by Chair Nancy Dickey. Chair Dickey welcomed the Council, especially Dr. Dan Perugini who was unable to be at the first meeting. The Chair asked the Council members to introduce themselves and the agencies they represent.

REPORTS, UPDATES AND POSSIBLE ACTIONS

Approval of Minutes from March 30, 2006 Meeting

Chair Dickey asked members to review the minutes of the March 30 meeting of the Texas Health Care Policy Council. Ms. Alexia Green made a motion to pass the March 30 meeting minutes. Ms. Maureen Milligan seconded the motion. The motion was approved by a unanimous voice vote.

Consideration of Council Bylaws (Action Item)

Chair Dickey asked Mr. Tony Gilman, the Council's Executive Officer, to walk the Council through the non-substantive changes made to the Council bylaws that were adopted at the March 30, 2006 meeting. Mr. Gilman indicated that Council staff is suggesting two changes to the bylaws. The first change was to delete the list of agencies under the Members sections of both Article II and Article IV. These changes leave the authority of adding additional members to the Council and Partnership Workforce subcommittee up to the discretion of the Governor as stipulated under House Bill 916. The purpose of the second suggested change was to ensure the quorum and authority sections of the bylaws for the Council, the Texas Health Workforce Planning Partnership, and Advisory and Ad Hoc Committees were consistent.

Mr. Seth Chandler noted that Article II, Section B referred to subcommittee members instead of Council members. Chair Dickey agreed with Mr. Chandler's suggested change

and asked for a motion to approve the amended bylaws. Ms. Green made a motion to approve the bylaws. Ms. Milligan seconded the motion. The motion was approved by a unanimous voice vote.

Briefing on 2006 Work Plan and Staff Activities

Mr. Gilman then briefed the Council members on the work plan, including strategies and deliverables relating to the Council's objectives on health workforce, purchase of health care products and services, health information technology, and the establishment of an information clearinghouse. He also provided the Council with an update on staff activities since the March 30 meeting.

Mr. Gilman reviewed the workforce objective and the development of a Strategic Plan for Health Workforce in Texas. He also noted that the Texas Health Workforce Planning Partnership subcommittee is scheduled to meet on June 20 and August 24. Council staff intends to present a draft strategic plan to the subcommittee on August 24 for review.

Mr. Gilman reviewed the second objective in the Council's work plan on health care purchasing by state agencies. He noted that Council staff is suggesting three deliverables in response to this objective and asked Ms. Erin Ferris, the Council's Research Associate, to brief the Council on the first deliverable.

Ms. Ferris explained that Council staff has reviewed responses submitted by state agencies and public institutions of higher education to the Council's health care purchasing survey. She noted that staff analyzed this data in terms of two distinct categories – best practices and pooled purchasing. After reviewing the survey results and the programs themselves, staff has identified several strategies that they consider best practices for providers, programs, purchasing, and overall administration of services. The pooling of purchasing includes the purchase of services through contracted providers as well as the purchasing of medical supplies and pharmaceuticals. For this initial briefing, staff highlighted six areas: prescription drugs, long-term care/community care, telemedicine, disease management and care coordination, and substance abuse/mental health.

Following Ms. Ferris' presentation, Mr. Gilman indicated that the second suggested deliverable was the development of a policy paper on competitive acquisition of durable medical equipment and medical supplies. He noted that Council staff has formed an informal work group to review the issue – including staff from the Health and Human Services Commission, Department of Aging and Disability, and Department of State Health Services. He also highlighted a request for comment that Council staff released in early May seeking stakeholder input on cost containment strategies related to pharmaceuticals and durable medical equipment. He indicated that Council staff would like to present a draft competitive acquisition proposal to the Council at the July 21 meeting.

Dr. Ken Shine noted that instead of creating a new bureaucracy, the University of Texas System has had success with one single campus purchasing equipment and then distributing.

Mr. Gilman described the third deliverable as a policy paper on the Long-Term Care Partnership Program.

Mr. Gilman further described the deliverables associated with the Council health information technology objective, including the development of policy papers on the state of health information technology in Texas, the state-level impact of health information technology in Texas, and a policy paper assessing the feasibility and cost of creating a system that would allow certain state agencies to share clinical records electronically.

Mr. Stephen Palmer, the Council's Policy Analyst, provided the Council with additional information on the Center for Information Technology Leadership (CITL) and noted that CITL is best known for their estimate that national implementation of health information exchange and interoperability could save the United States health care system \$77.8 billion per year once fully implemented.

Ms. Green asked if Council staff is monitoring the Health Information Technology Advisory Committee (HITAC) and if we are coordinating with them?

Mr. Palmer told the Council he was serving as the acting project director for the HITAC.

Chair Dickey inquired about the HITAC's timeline and what their pace of tasks is in comparison to the Council. Mr. Palmer responded that they are quickly moving towards finishing their objectives and that legislation does not indicate a "close" date.

Mr. Gilman continued his presentation and identified two deliverables for the information clearinghouse. He noted that there is no entity responsible for collecting information regarding innovative models of service delivery for indigent and employee healthcare so that other communities could access those models for duplication. The proposed website would profile innovative models, including best practices and public-private partnerships. It could also serve as a portal for information on other state and community-based initiatives. Finally, Mr. Gilman noted it could serve as an access point to special policy papers published by the Council, including a proposed policy paper on Health Savings Accounts (HSAs) and consumer empowerment. He noted that HSAs and consumer empowerment will be the primary focus of presentations at the July 21 meeting of the Council.

Ms. Milligan noted that the information clearinghouse website might be a good way for communities to see what health initiatives are underway in other areas of the state and what might be applicable to their community.

Mr. Gilman concluded his briefing on the work plan and brought up a second request for comment Council staff would like to release. He noted that the second request for

comment would seek information from stakeholders on best practices, community-based initiatives, and public private partnerships that address disparities in quality and levels of care, problems for uninsured individuals, the cost of pharmaceuticals, the cost of health care, access to health care, the quality of health care, as well as other issues related to health care. Mr. Gilman noted that since the Council is a new entity, some kind of public request for information would help to ensure that the stakeholder groups in Texas are engaged and aware of what the Council is working on.

Dr. Shine brought up the *Code Red* report released by the Task Force on Access to Health Care in Texas and the policy paper prepared by Dr. Charles Begley on local initiatives to expand care and coverage of the uninsured. He also noted that Sandia National Laboratory has been asked to create a computer model of the health care system.

Ms. Stacey Silverman asked the Chair about the process for reviewing and approving the policy papers once they have been completed.

Chair Dickey responded that the policy papers will be presented to the Council in draft form and then finally approved by the Council in a subsequent meeting. Mr. Gilman affirmed Chair Dickey's comments.

Dr. Shine expressed concern about why the Council is doing a policy paper limited to HSAs because they're controversial and potentially problematic.

Mr. Gilman responded that Council staff would note his comment and that the issue was brought forward because it is anticipated that HSAs are becoming more prevalent in the system, and in order for them to be effective consumers must have access to pricing and quality information. He also noted that providing consumers with access to better information is receiving a lot of attention at the federal and state levels

Ms. Jennifer Ahrens added that exploring HSAs would be good because it would help consumers know if they are right for them. She also noted a pilot project by United Health Care.

Dr. Shine indicated that he is not against HSAs, but believes it would be helpful to focus on more than one delivery tool. He was hoping for a broader approach, but looks forward to a conversation about HSAs.

Chair Dickey decided that she would like to take that as a suggestion and will work with staff.

Mr. Ronnie Jung noted that the Employee Retirement System has an interim charge to look at HSAs and asked that we consider it because the research being discussed may already be being done.

Mr. Palmer noted that House Bill 916 authorizes the Governor to assign additional charges to the Council and HSAs and consumer empowerment is something he has asked the Council to review.

Report from the Texas Health Workforce Planning Partnership Subcommittee

Chair Dickey asked Ms. Silverman, chair of the Texas Health Workforce Planning Partnership Subcommittee, to brief the Council on the April 20, 2006 meeting of the subcommittee.

Ms. Silverman explained that the meeting consisted of many presentations that were rich with information. She reviewed the membership of the subcommittee and provided a brief overview of the presentations from the meeting. She noted that the subcommittee is scheduled to meet on June 20 and August 24. For the June 20 meeting, Council staff intend to invite the State Demographer, Steve Murdock, Bruce Gunn with the Department of State Health Services' Health Professions Resource Center, Patti Patterson with the Office of Rural and Community Health, Texas Tech Health Science Center, and Antonio Furino with the University of Texas Health Science Center at San Antonio. Staff also intends to invite Steve Shelton to discuss the grant award the East Texas Area Health Education Center received from the Texas Higher Education Coordinating Board to hold health workforce diversity conferences.

Mr. Chandler requested the subcommittee consider the following: (1) impediments to the creation of private schools; (2) systemic under funding of nursing programs; (3) differentiation of salary at community college level (either legal or cultural impediments); and (4) systematic restraints on compensation for nurses.

In response to Mr. Chandler's comment about private schools, Ms. Green indicated that there are private nursing schools in Texas and noted that the Texas Board of Nurse Examiners has received requests from private schools about certifying nurses without clinical experience, which she believes, would not be appropriate.

Chair Silverman noted Mr. Chandler's concerns and indicated that the Subcommittee would consider the issues he has raised.

Report on Health Information Technology (HIT) Initiatives

Mr. Palmer presented to the Council on the HITAC and other HIT initiatives. He explained that he has been acting as the project director for the HITAC and has coordinated their efforts with the Council. Recommendations from HITAC have fallen into three categories: (1) health IT coordination and policy-setting functions to be done at the state level; (2) key options for health information exchange initiatives, to be implemented at the regional level; and (3) strategies for increasing the adoption of electronic medical records and other health IT tools at the provider level. He noted that he is serving as one of Governor Perry's appointees to the Gulf Coast Health IT Task Force and will be reporting back on the work of the Task Force. He also advised the Council that the Office of the Governor has partnered with eHealth Initiative, a national non-profit engaged in the planning and implementation of regional and statewide health

IT projects. Staff from eHealth Initiative have been interviewing key stakeholders in Texas and will be assisting the Council in developing an assessment of the health IT environment in Texas. Mr. Palmer also provided an update on a proposal developed by Council staff on an inter-agency interoperability workgroup. The goal of the workgroup would be to assess the scope of work and likely cost associated with developing an interoperability capability across and among the miscellaneous agencies and programs that currently collect health information electronically. He concluded his presentation by noting that the Council's proposal to participate in the Health Information Security and Privacy Collaboration (HISPC) was not selected for funding.

Mr. Chandler brought up his concern that the group not look at proprietary solutions and to use the sort of database technology that can be expanded upon and added to, rather than the alternative.

Mr. Palmer responded that there is significant evidence that shows a lack of common standards as a stumbling block for coordinating technology.

Dr. Milligan suggested looking at Carelink and supporting local systems as they correlate to regional systems.

Stephen Palmer explained that planning will occur at the regional level for local benefit.

Briefing on Long-Term Care Partnership Program Policy Paper

Ms. Milligan provided a presentation to the Council on "An Introduction to Long-Term Care (LTC) Insurance Partnership Programs as part of an Integrated LTC Policy for Texas," a draft policy paper prepared under the direction of the Health and Human Services Commission for the Governor's office. Ms. Milligan provided the Council with information on the current projects for Texas' elderly population growth, LTC use, and LTC Medicaid budgets in Texas. She also described the LTC Insurance Partnership Program and their potential as one component of an integrated approach to address LTC capacity and financing concerns.

Dr. Shine questioned why only four states have tried this program and no one else is doing it. Ms. Milligan responded that other states have been prevented from creating similar programs due to federal restrictions contained in the Omnibus Budget Reconciliation Act of 1993.

Dr. Shine inquired if other states are in the process of doing this?

Ms. Milligan answered that 21 states had already passed legislation at the state level.

Mr. Gilman added that we are investigating this issue because it will probably be before the Texas Legislature next session.

Dr. Shine brought up that he is concerned because the overall net savings is not great.

Ms. Milligan noted that estimating the cost effectiveness of the program is challenging because it is difficult to predict future behavior regarding utilization of Medicaid or private insurance.

Dr. Shine brought up concerns that this is a theoretical model and that we do not know if it works.

Ms. Milligan responded that it is difficult to track though Idaho had forecasted considerable savings. The other value is that this supports LTC industry.

Mr. Chandler indicated that he believes there is a compelling case because there is an extraordinarily high tax on people who forego Medicaid by buying LTC insurance. He noted that this will give people freedom that they haven't had. He believes there is a strong case to investigate and probably do this.

Chair Dickey asked if we do this, will the state continue to claim assets?

Ms. Milligan stated that this enables more planning and gives the state more restrictions for claiming assets.

Mr. Weizenbaum added that studying data that is available more closely will be beneficial because there is a major time delay.

Dr. Shine wanted to clarify that he is concerned about the lack of information on the effectiveness of the program. He would like to hear what the Lewin Group said about the report and their methodology.

Ms. Milligan agreed that it is important to consider and committed to do further analysis to address Dr. Shine's concern.

Chair Dickey thanked Ms. Milligan for the presentation and noted that the Council would recess for lunch starting at 12:05 p.m. and resume work at 12:20 p.m.

Presentation from the Health and Human Services Commission on Multi-state Drug Purchasing Pools

Ms. Olga Rodriguez, Deputy Director of CHIP/Medicaid Initiatives, Health and Human Services Commission, provided a presentation to the Council on an analysis the Commission prepared for the Texas Legislature on multi-state drug purchasing pools. She provided the Council with background on a multi-state purchasing agreement, as well as other cost containment strategies the Commission has implemented, and explained that the Commission's ultimate recommendation was to postpone consideration of joining with other states to purchase pharmaceuticals until after the impact of the implementation of Medicare Part D can be determined.

Mr. Palmer asked Ms. Rodriguez if these are savings from baseline.

Ms. Rodriguez responded that prescription drug spending is high but the revenue side is where you see the savings, federal and supplemental rebates.

Dr. Shine inquired about pursuing a multi-state agreement with larger states, such as California and New York. Ms. Rodriguez responded that the Commission has contacted other large states, but ongoing discussions have been delayed because many of them are currently involved in the implementation of broader Medicaid reform proposals.

Mr. Gilman asked when the Commission would be completing its follow-up analysis to compare post Medicare Part D supplemental rebate levels under the Texas Preferred Drug List versus a multi-state purchasing pool? Ms. Rodriguez responded that the Commission will have the information necessary for a follow-up analysis in November.

Chair Dickey noted that hospitals pool together to purchase pharmaceuticals and inquired why all states aren't pooling together.

Ms. Rodriguez responded that it took a lot of negotiating to consider whether we partner with anyone else, but if the drug manufacturers are willing to come to the table and get us the lowest prices, we could just partner with them directly.

Chair Dickey thanked Ms. Rodriguez for the presentation.

Presentation from the University of Texas Medical Branch at Galveston on 340B Drug Discount Pricing

Dr. Ben Raimer, Vice President for Community Outreach for The University of Texas Medical Branch at Galveston (UTMB), and Mr. John Allen, Executive Director of Correctional Care at UTMB, presented to the Council on cost containment initiatives being pursued through its Correctional Managed Care program. Dr. Raimer provided an overview of the programs operations, medication delivery system, and pharmacy services. He also discussed the disease management practices being undertaken to control costs in the state's correctional system. Mr. Allen reviewed the eligibility requirements for 340B drug discount pricing and areas where UTMB is using it in Texas, including the Texas Department of Justice's state prison population, Texas Youth Commission's juvenile offender populations, a partnership with Value Options to provide discount pricing for indigent mental health patients in 7 counties in North Texas. He also discussed other potential applications of 340B pricing.

Council members discussed and raised questions about the areas where UTMB is using 340B drug discount pricing. Members also discussed the value of pursuing additional federal waivers that would allow the state to restructure its Medicaid program. Chair Dickey thanked Dr. Raimer and Mr. Allen for the presentation.

Presentation from the Interagency Council on Pharmaceuticals Bulk Purchasing

Mr. Kenneth Hobbs, who serves as the presiding officer of the Council on Pharmaceuticals Bulk Purchasing, briefed the Council on the purpose and status of the Interagency Council on Pharmaceutical Bulk Purchasing, their actions and achievements

since 2001, and barriers the Bulk Purchasing Council faced in working to achieve its goals. Mr. Hobbs noted that the Bulk Purchasing Council developed procedures for reviewing pharmaceutical pricing by category, discussed cost saving techniques (*e.g.* drug utilization, prior authorization, restrictive formularies, mail order, and co-payment), and prepared an annual aggregate cost comparison of both Pharmacy Benefit Manager and Direct Purchase Agencies top 50 drugs. Mr. Hobbs also provided the Council with information on the Bulk Purchasing Council's enabling statute and on an opinion by the Texas Attorney General, both of which limited the ability of the member agencies of the Bulk Purchasing Council to share drug pricing information. Mr. Robert Nash, with the Department of State Health Services, also participated in the presentation.

Council members inquired about why state agencies cannot share pharmaceutical pricing information. Members also asked for additional information on pharmaceutical purchasing. Chair Dickey requested that Council staff prepare a document summarizing state agency purchasing practices, including a glossary of frequently used terms in discussing pharmaceutical purchasing. Mr. Gilman also indicated he would provide Council members with a copy of the opinion by the Texas Attorney General.

Chair Dickey thanked Mr. Hobbs and Mr. Nash for the presentation.

PUBLIC COMMENT

There was no public comment.

ADJOURN

Chair Dickey asked the Council if there were any questions or concerns about future meeting dates. She then asked for a motion to adjourn. A motion was made by Ms. Silverman and seconded by Mr. Jones. The meeting adjourned at 2:30 p.m.